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Executive Director

**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Commissioners

May 01, 2012

The Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE SUBLEASE FOR TEMPORARY RELOCATION OF COMMUNITY DEVELOPMENT
COMMISSION AND HOUSING AUTHORITY ADMINISTRATIVE OFFICES TO 1000 SOUTH
FREMONT AVENUE IN ALHAMBRA
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

This letter recommends approval of a six-month Sublease with Tenet California, Inc., for approximately 39,284 square feet of office space at 1000 South Fremont Avenue in Alhambra. The proposed Sublease will commence on May 15, 2012. This temporary location will house approximately 200 Commission employees until construction of the new Commission and Housing Authority headquarters, located at 700 West Main Street in Alhambra, is completed in September 2012.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Executive Director or his designee to negotiate and execute a six-month Sublease and all related documents with Tenet California, Inc., in the total amount of \$370,550, for the occupancy of approximately 39,284 square feet of office space by the Commission at 1000 South Fremont Avenue in Alhambra, using Commission and Housing Authority administrative funds.
2. Authorize the Executive Director or his designee to extend the Sublease beyond the initial six-month term if necessary, on a month-to-month basis, at an estimated cost of \$81,400 per month.
3. Find that the proposed leasing of property is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the activities will not have the potential for causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Construction of the Commission and Housing Authority's new headquarters at 700 West Main Street in Alhambra is on schedule, with staff expected to begin moving into the new building in September 2012. In the meantime, the Commission's current lease at 2 Coral Circle in Monterey Park will expire on May 26, 2012. The Commission has been unable to reach agreement with its current landlord for an extension of the current lease with reasonable terms. The proposed Sublease at 1000 South Fremont Avenue will provide temporary office space for Commission staff until they can relocate permanently to the new building.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund. The cost of relocation and rent will be paid using agency administrative funds. Funding through June 30, 2012 is included in the Commission and Housing Authority's Fiscal Year 2011-2012 approved budgets, and funding for the remainder of the Sublease will be included in the Commission and Housing Authority's Fiscal Year 2012-2013 proposed budgets.

Under the proposed gross Sublease, the base rent will be \$1.35 per square foot per month, or approximately \$53,033 per month. The additional cost of 245 parking spaces brings the total rent to approximately \$61,758 per month, or \$370,550 for the six-month term of the Sublease. The Sublease rent will be approximately \$40,000 less per month than the Commission's current lease at 2 Coral Circle in Monterey Park.

After the six-month term expires on November 15, 2012, the Sublease may be extended on a month-to-month basis at \$1.85 per square foot per month. The Commission expects that all staff will be relocated to its new permanent headquarters at 700 West Main Street in Alhambra before November 2012, but the month-to-month structure of the Sublease will provide the Commission with flexibility with respect to the final move date.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed temporary location is part of "The Alhambra", a mixed-use development located at 1000 South Fremont Avenue in the City of Alhambra. The Commission will occupy approximately 39,284 square feet of office space on the second floor of Building A-11. The Alhambra Urban Community, LLC (Landlord) currently leases the premises to Tenet California, Inc. (Sublessor) under a Primary Lease. Tenet California will sublet the premises to the Commission under the proposed Sublease.

The Commission will have use of the existing furniture in the premises for a total of 215 workstations and 10 desks, with chairs for the desks and workstations. Approximately 30 workstations will be required from the Sublessor's off-site storage location. The Commission will pay the reasonable cost and expense to relocate and assemble the additional workstations and to disassemble and return them upon move-out. There will be no rental charge for use of the furniture.

The Sublease will commence on May 15, 2012. Upon execution of the Sublease by all parties, the Commission will have early occupancy to begin improvements and to move equipment from the Monterey Park office.

The term of the Sublease is six months, and will continue on a month-to-month basis thereafter until terminated by either the Sublessor or the Commission upon a 30-day written notice to the other party.

The proposed Sublease contains the following indemnity language between the Commission (Sublessee), Tenet California (Sublessor), and the Alhambra Urban Community, LLC (Landlord):

The Sublessee shall indemnify, defend and hold Sublessor and Landlord harmless of and from any claims, demands, losses, liabilities, lawsuits, judgments, costs or expenses (including reasonable attorney's fees) arising in whole or part from (a) any breach of the terms of the Sublease by Sublessee or its employees, agents, or business invitees; or (b) the use and occupancy of the Subleased Premises, the Building (as defined in the Primary Lease) or the Building Parking (as defined in the Primary Lease) by Sublessee or its employees, agents, licensees, or business invitees.

Sublessor shall indemnify, defend and hold Sublessee and Landlord harmless of and from any claims, demands, losses, liabilities, lawsuits, judgments, costs or expenses (including reasonable attorney's fees) arising in whole or part from (a) any breach of the terms of the Sublease by Sublessee or its employees, agents, or business invitees; and (b) the negligence, recklessness or willful misconduct of the Sublessor or the Landlord.

ENVIRONMENTAL DOCUMENTATION

This project is exempt from the National Environmental Policy Act pursuant to Title 24, Code of Federal Regulations, Part 58, Section 35 (a)(5) because it involves leasing activities that will not alter existing environmental conditions. The project is exempt from the provisions of CEQA, pursuant to State CEQA Guidelines 15301, because it involves no expansion of use beyond what currently exists and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed Sublease will provide continued administrative office space for the conduct of the Commission and the Housing Authority programs and activities.

Respectfully submitted,



SEAN ROGAN

Executive Director

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